



ANNUAL USE OF CAPITAL SURVEY - 2009

NAME OF INSTITUTION

(Include Holding Company Where Applicable)

The Elmira Savings Bank, FSB

Person to be contacted regarding this report:	Jason Sanford, SVP, CFO
CPP Funds Received:	\$9,090,000
CPP Funds Repaid to Date:	\$0
Date Funded (first funding):	12/19/2008
Date Repaid ¹ :	

RSSD: (For Bank Holding Companies)	
Holding Company Docket Number: (For Thrift Holding Companies)	
FDIC Certificate Number: (For Depository Institutions)	16001
City:	Elmira
State:	New York

¹If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP). To answer that question, Treasury is seeking responses that describe generally how the CPP investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP investment was deployed or how many CPP dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

What specific ways did your institution utilize CPP capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP funds were outstanding).

<input checked="" type="checkbox"/> Increase lending or reduce lending less than otherwise would have occurred.	The Bank has continued consumer and commercial lending to qualified borrowers. The Bank increased mortgage originations in 2009 by \$47 million or 81% from 2008.
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<input checked="" type="checkbox"/>	<p>To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).</p>	<p>The Bank originated \$104.5 million residential real estate loans, an increase of \$47 million or 81%, from 2008 originations of \$57.6 million. \$69 million of these were sold, primarily to Freddie Mac. The remainder, retained to maintain the Bank's residential mortgage portfolio.</p>
<input checked="" type="checkbox"/>	<p>Increase securities purchased (ABS, MBS, etc.).</p>	<p>In late 2008, the Bank purchased approximately \$10 million of additional securities, as a result of the receipt of TARP funds. Purchases consisted primarily of mortgage-backed securities and SBA asset-backed securities. The Bank maintained that higher level of investments throughout 2009.</p>
<input type="checkbox"/>	<p>Make other investments</p>	
<input type="checkbox"/>	<p>Increase reserves for non-performing assets</p>	

<input checked="" type="checkbox"/>	Reduce borrowings	The Bank's borrowings have decreased by \$18 million from 2008 to 2009.
<input type="checkbox"/>	Increase charge-offs	
<input type="checkbox"/>	Purchase another financial institution or purchase assets from another financial institution	
<input checked="" type="checkbox"/>	Held as non-leveraged increase to total capital	From the 3rd quarter 2008, the quarter prior to receipt of TARP capital, to the end of 2009, the Bank's total capital increased by \$14 million. \$9.1 million of the increase was the TARP capital received in December 2008. Over that same period, the Bank's total assets increased by \$36 million.

What actions were you able to avoid because of the capital infusion of CPP funds?

The CPP funds provided the Bank with additional capital to enhance its "well-capitalized" position, as defined by the Office of Thrift Supervision, and enabled the Bank to avoid any interruption of its normal lending practices through the uncertain economic conditions of late 2008 and 2009.

What actions were you able to take that you may not have taken without the capital infusion of CPP funds?

Historically, mortgages had only been offered through originators in the Bank's mortgage loan department. During 2009, the Bank expanded its mortgage lending by developing no closing cost mortgage products, intended to simplify and expedite the mortgage loan process, and offered through the Bank's branch network.

Secondly, the Bank developed a calling program targeted to small business owners in its geographic footprint. This calling program was implemented in 2009. The Bank is an express SBA lender and has laid the groundwork through this small business program to increase its small business lending.

Please describe any other actions that you were able to undertake with the capital infusion of CPP funds.

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